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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **FEBRUARY 29, 1992**
OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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Commission file number: 1-10283

PANTHEON INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

COLORADO	86-0590956
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6900 East 2nd Street Scottsdale, Arizona	**85251**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number including area code: **(602) 970-8701**

Indicate by check mark whether the Registrant (1) has filed all reports to be filed by Section 13 or 15(d) or the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days. Yes X No __

At the close of business on April 14, 1992, 92,463,188 shares of the Registrant's Common Stock, $0.0001 par value, and 2,458,231 shares of the Registrant's Preferred Stock, $0.01 par value, were issued and outstanding. The Common Stock is the only outstanding class of voting stock of the Registrant.

THIS DOCUMENT CONSISTS OF 25 PAGES.
THERE IS NO EXHIBIT INDEX.

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PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES

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PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	February 29, 1992	November 30, 1991
Assets		
Current assets:		
Cash	$ 697	$ 114,538
Premiums in trust	4,574,781	4,574,781
Short-term investments	263,000	263,000
Accounts receivable, net of allowance for doubtful accounts of $75,930 and $ -0-, respectively	625,701	242,227
Prepaid expenses	6,162	16,271
Total current assets	5,470,341	5,210,817
Notes receivable, net	14,320,244	9,735,789
Bank promissory notes	36,916,764	35,862,352
Investment in land & restricted securities	10,320,883	10,320,883
Property, building and equipment, net	888,937	927,880
Other assets	1,857,155	1,857,505
Total assets	$ 69,784,324	$ 63,915,226
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,164,569	$ 1,208,795
Unearned premiums	5,971,741	5,375,474
Wages, salaries and payroll taxes payable	78,790	69,700
Other accrued liabilities	685,699	233,644
Short-term borrowing	841,343	695,347
Total current liabilities	8,742,142	7,582,960
Long-term debt	10,625,374	10,624,266
Minority interest	24,116,163	23,608,196
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock; $.10 par value; 20,000,000 shares authorized; 2,458,231 and 2,106,519 shares issued and outstanding, respectively	245,823	210,652
Common stock; $.0001 par value; 100,000,000 shares authorized; 92,463,188 and 91,734,148 shares issued and outstanding, respectively	9,246	9,173
Additional paid-in capital	34,612,560	30,573,870
Notes receivable - subscriptions	(450,432)	(429,452)
Valuation Allowance	(1,666,665)	(2,222,220)
Treasury stock	(2,330,000)	(2,330,000)
Retained earnings (deficit)	(4,119,887)	(3,712,219)
Total stockholders' equity	26,300,645	22,099,804
Total liabilities and stockholders' equity	$ 69,784,324	$ 63,915,226

See Accompanying Notes to the Consolidated Financial Statements.

PANTHEON INDUSTRIES, INC AND SUBSIDIARIES
Consolidated Statements of Operations

	For the quarters ended February 29,	
	1992	1991
Premiums and other revenues:		
Premiums:		
Net premiums written	$ 877,517	$ -
Increase in unearned premium	(596,267)	
Premium earned	281,250	-
Other income	10,093	
Total revenues	291,343	-
Costs and expenses:		
Claims and claims expenses	681,250	-
Policy acquisition costs	177,236	-
Other operating costs and expenses	509,286	-
Depreciation and amortization	38,081	-
Total costs and expenses	1,405,853	-
Income (loss) from operations	(1,114,510)	-
Other income (expenses):		
Interest income	882,367	-
Interest expense	(238,824)	-
Gain (loss) on sale of assets	73,936	-
Total other income (expense)	717,479	
Minority interest in income of subsidiary	(10,637)	-
Net income (loss) before discontinued operations	(407,668)	-
Discontinued operations:		
Loss from discontinued operations	-	249,428
Realized loss on disposal of discontinued operations	-	-
Total loss on discontinued operations	-	249,428
Net loss	$ (407,668)	$ 249,428
Income (loss) per common share:		
From continuing operations	$ *	$ *
From discontinued operations	*	*
Net loss per common share	$ *	$ *
Weighted average common shares outstanding	92,098,668	56,585,392

* Less than $.01 per share

See Accompanying Notes to the Consolidated Financial Statements.

PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the quarters ended February 29,	
	1992	1991
Cash flows from operating activities		
Net income (loss)	$ (407,568)	$ 249,428
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	38,081	19,801
Amortization of notes receivable discount	(5,638,867)	
(Gain) loss on disposal of securities and investments	(3,244)	-
Minority interest in net income (loss) of consolidated subsidiaries	10,637	-
Unrealized gain (loss) of marketable securities	555,555	-
Stock issued as payment of expenses	36,452	-
Changes in operating assets and liabilities; net of acquisitions/dispositions of businesses;		
Accounts receivable	(383,474)	(296,057)
Prepaid expenses	10,109	-
Deposits	(9,650)	-
Accounts payable	(44,226)	(42,186)
Other accrued liabilities	452,055	(160,456)
Wages, taxes, and payroll taxes payable	9,090	-
Deferred revenue	596,267	-
Total adjustments	(4,371,215)	(478,898)
Net cash used by operating activities	(4,778,883)	(229,470)

-- Continued --

PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)

	For the years ended February 29,	
	1992	1991
Cash flows from investing activities:		
Minority interest	497,330	-
Net cash provided by investing activities	497,330	-
Cash flows from financing activities:		
Stock subscription receivable	(20,980)	-
Net borrowing of long-term debt	(2,714)	-
Net borrowing (payments) of notes payable	153,924	(5,869)
Issuance/sale of stock	4,037,482	228,300
Net cash provided by financing activities	4,167,712	222,431
Net increase (decrease) in cash	(113,841)	(7,039)
Cash at beginning of year	114,538	15,017
Cash at end of year	$ 697	$ 7,978

See Accompanying Notes to the Consolidated Financial Statements.

PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

February 29, 1992

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

During fiscal year 1991, Pantheon Industries, Inc. (the "Company") acquired two subsidiaries in the insurance business, Avalon Insurance Company Ltd. ("Avalon") and Tiberian Insurance Company, Ltd. ("Tiberian"), and through its ownership of Polydyne Industries, Inc. ("Polydyne") controls European International Re-Insurance Company, Ltd. ("European"). The Company, through its subsidiaries, is engaged in the surplus lines and excess liability insurance business and, to lesser extent, in the reinsurance business. Avalon and Tiberian are chartered to do business in insurance and reinsurance while European is chartered as a reinsurer. A reinsurer is a company that agrees to indemnify, for consideration, a ceding company against all or part of a loss that the latter may sustain under policies that it has issued. A surplus lines insurer in a company that underwrites risks for which insurance coverage generally is not available through a company licensed in the insured's state.

Basis of Presentation

The consolidated financial statements herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principals have been omitted. These unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1991.

The consolidated financial statements reflect all adjustments (consisting of normal recurring accruals only) which are, in the opinion of management, necessary to present fairly the consolidated financial position, results of operations, and changes in cash flow of the Company. The Company is unaware of any adjustments to or reclassification of the general ledger accounts of the Company that might be proposed by the Company's independent auditors for the year ended November 30, 1992. Operating results for *interim periods are not necessarily indicative of the results* which may be expected for the entire year.

Principles of Consolidation

The unaudited consolidated financial statements include the accounts of Pantheon Industries, Inc. and all of its domestic and foreign majority owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Proforma Equity Presentation

The Company's board of directors has approved a one-for-ten "reverse split" of its common stock. Also, the Company has issued shares of Class A Preferred Stock, convertible into restricted common stock of the Company upon the occurrence of certain events. These events will result in a material change to the capital structure of the Company as well as substantial dilution to present shareholders. Accordingly, the Company has provided an unaudited proforma presentation of equity transactions as if the reverse stock split has occurred and assuming conversion of the outstanding Class A Preferred Stock (see Note 8).

Reclassification

Certain reclassification have been made to the accompanying consolidated financial statements to conform with the presentation for the current period. Prior years financial information has also been restated to reflect the Company's media audio/video production business as a discontinued operation.

Insurance balance receivable

Insurance balance receivable represents premiums and agent's balances in course of collection or due to the Company's insurance subsidiaries.

Unearned premium

Unearned premium reserves are established to cover the unexpired portion of premiums written, which the insurance subsidiaries would be obligated to tender to the policyholders due to cancellation of inforce policies. As premiums are recognized as income, generally over the term of the related insurance contract or policies, the insurance subsidiaries reduce the unearned premiums by an equal amount.

Net premiums written/premiums earned

Net premiums written represent gross premiums written, direct and reinsurance assumed, less reinsurance ceded. Premiums earned represents the adjustment of the net premiums written for the increase or decrease during the year of the liability of the Company for unearned premiums.

Minority interest

Minority interest in equity of subsidiaries represents the minority shareholders' proportionate share of the equity and the income or loss of the Company's non-wholly owned consolidated subsidiaries and is classified with non-current liabilities in the accompanying balance sheet. At February 29, 1992, the Company owned approximately 81% of Polydyne Industries, Inc. The minority interest's share of the net income of the subsidiary for the quarter ending February 29, 1992 was $10,637.

The Company owns 100% of the voting common stock of Tiberian. The common stock is the only voting stock of Tiberian. Tiberian has issued $20,000,000 in par value of non-voting preferred stock to an unrelated party which is reflected as minority interest on the accompanying consolidated balance sheet of the Company. The outstanding preferred stock of Tiberian contains certain default provisions that could effect the Company's control of this consolidated subsidiary.

Income taxes

The Company intends to adopt a proposed method of accounting for income taxes, and deferred income taxes when it is adopted by the FASB. No income tax liability has been provided because of the Company's consolidated net operating loss which is available as a carryover to the year 2006. Timing differences for all periods presented are deemed to be relatively insignificant. The Company does not provide deferred taxes on the undistributed earnings of its foreign subsidiaries as such earnings are intended to be permanently reinvested in those operations. Such earnings would become taxable upon the sale or liquidation of these foreign subsidiaries or upon the remittance of the deferred tax liability on such earnings. Upon remittance, certain foreign countries impose withholding taxes that are then available, subject to certain limitations, for use as credits against the Company's U.S. tax liability, if any.

Treasury stock

Subsidiary holdings of restricted common stock in the parent is treated as treasury stock on the consolidated balance sheet and subtracted from stockholder's equity. At February 29, 1992, Avalon and European held 18,000,000 and 20,000,000 shares of the Company's restricted common stock, respectively.

NOTE 3: BANK PROMISSORY NOTES

Bank Promissory Notes consists of the following:

	February 29, 1992	November 30, 1991
Bank promissory note, $10,000,000 face amount, non-interest bearing, acquired November 26, 1991, maturity November 4, 1992. Held by Pantheon.	$ 9,464,445	$ 9,259,260
Bank promissory note, $10,000,000 face amount, non-interest bearing, acquired September 24, 1991, maturity November 4, 1992. Held by Avalon.	8,563,429	8,084,572
Bank promissory notes, $20,000,000 face amount, non-interest bearing, acquired November 30, 1991, maturity November 4, 1992. Held by Tiberian.	18,888,890	18,518,520
Bank promissory notes	$ 36,916,764	$ 35,862,352

All of the bank promissory notes listed above are bank bearer notes issued by Krung Thai Bank Limited, Bangkok, Thailand and mature on November 4, 1992. The promissory notes are held in safe keeping on behalf of the Company and its subsidiaries at three banks. The promissory notes were assigned to the Company or its subsidiaries by the original holder in exchange for various consideration as discussed below. The bank promissory notes held by Avalon and Tiberian are exclusively their ownership without any recourse by the original holder. The promissory note held by the Company is with recourse to the original holder.

The acquisition of the promissory notes were negotiated in arms-length transactions with the original holder, an unrelated party. Notwithstanding the maturity date, the Company has reflected these promissory notes as long-term assets on the accompanying balance sheet to more appropriately reflect management's current investment intent with respect to these promissory notes. The promissory notes are recorded at their present value since the right to receive the interest on the promissory notes was retained by the original holder. The discount from face amount will be amortized to income to the maturity date.

NOTE 2 - NOTES RECEIVABLE

Notes receivable consists of the following:

	February 29, 1992	November 30, 1991
Debenture, 6% per annum interest only, 7 year term, due August 1997, first interest payment due August 1991, unsecured. Issued by Amstikredit Netherlands B.V. Held by Polydyne.	$ 1,625,000	$ 1,625,000
Debenture, 6% per annum interest only, 7 year term, due June 1997, first interest payment due June 1992, unsecured. Issued by Pegasus International Holding. Held by Polydyne.	2,000,000	2,000,000
Debenture, 9% per annum interest only, 3 year term, due June 1997, first interest payment due June 1992, unsecured. Issued by Pegasus International Holding. Held by European.	6,000,000	6,000,000
Debenture, 6% per annum interest only, 7 year term, due August 1997, first interest payment due August 31, 1995, unsecured. Issued by Royal Pacific Investment. Held by Avalon.	1,125,000	1,125,000
Debenture, 8.5% per annum interest only, 4 year term, due September 15, 1995, first interest payment due August 31, 1992, unsecured. Issued by Chancery Lane. Held by Tiberian.	4,200,000	4,200,000
Less: Discount valuation	(629,756)	(5,214,211)
Notes receivable, net	$14,320,244	$ 9,735,789

Certain of the parties obligated on these debenture notes receivable are related parties. These debentures were received pursuant to exchange transactions of non-monetary assets and are valued in accordance with accounting guidelines for non-monetary transactions.

NOTE 4 - PROPERTY, BUILDING AND EQUIPMENT

Property, building and equipment are summarized as follows:

	February 29, 1991	November 30, 1991
Buildings	$ 657,920	$ 657,920
Land	93,080	93,080
Furniture, fixtures and office equipment	91,521	91,521
Vehicles	142,914	153,664
Leasehold improvements	36,358	36,358
	1,021,793	1,032,543
Less accumulated depreciation	(132,856)	(104,663)
Property, building, and equipment, net	$ 888,937	$ 927,880

NOTE 5 - SHORT-TERM BORROWING

Short-term borrowing consists of the following:

	February 29, 1992	November 30, 1990
Note payable to an unrelated individual, payable in monthly installments of interest only at 18%, due in full December, 1991. secured by a deed of trust on property owned by a minority stockholder and the personal guarantee of an officer/stockholder. In dispute.	$ 35,000	$ 35,000
Note payable to an unrelated individual, payable in monthly installments of interest only at 11% beginning July, 1991, due in full in January, 1992, secured by real property.	-	35,000
Note payable to unrelated company, interest at 15%, due August, 1991, unsecured, original principal amount of $11,065. Past due.	3,815	3,815
Note payable to an unrelated individual, interest at 15%, due December, 1991, unsecured.	-	5,000

(Continued)	February 29, 1992	November 30, 1990
Notes payable to an unrelated individual, interest at 15%, due June 1992, unsecured.	$ 32,000	$ 22,500
Note payable to an related company, interest at 15%, due August, 1991, unsecured. Past due.	6,900	4,400
Note payable to unrelated individual, interest at 10% per annum, payable quarterly, due April 1994. Owed by Polydyne.	25,000	25,000
Notes payable to related parties, interest at 10% per annum, due on demand, unsecured. Owed by European Re.	40,000	-
Notes payable to unrelated individual, interest at 15% per annum, unsecured. Due May 15, 1992.	10,000	-
Notes payable to a related company, interest at 15%, due on demand, unsecured.	204,954	178,030
Note payable to related party, interest at 15%, due May 25, 1992, unsecured.	5,000	-
Note payable to unrelated company, interest at 6%, payable semiannual, due September 1992, secured by second deed of trust on property.	104,884	104,884
Note payable to unrelated individual, due in full in June 1992, interest at 13.25%, secured with a bond and property. Pas due and in dispute (see Note 7).	240,000	240,000
Note payable to unrelated individual, interest at 12% per annum, payable semi-annually, due December 1994, unsecured. Owed by Polydyne.	100,000	-
Current Portion of long-term debt	33,790	41,718
Short-term borrowing	$ 841,343	$ 695,347

The note payable in the principal amount of $240,000 may be paid in restricted common stock of the Company at the holder's option. This note is currently in default on three interest installments totalling about $24,000.

The note payable to a related company in the principal amount of $204,954 at February 29, 1992 represent advances to the Company from Corporate Marketing Services, a related company controlled by an officer and director of the Company. The advances were used for working capital purposes under an informal agreement by such officer and director to provide interim bridge financing to the Company until the Company achieves positive cash flow from its insurance subsidiaries.

The note payable in the principal amount of $104,884 was incurred in connection with Company's purchase of an office building. The note is convertible at the option of the holder into restricted common stock of the Company.

During the quarter, Polydyne borrowed $100,000 from an unrelated investor to finance it operations which included a payment to the Company for management and expenses in connection with services rendered by the Company to Polydyne. The terms of the note are 12% interest, payable semi-annually, with principal due on December 24, 1994. The holder has the right to convert the principal and interest into restricted common stock of Polydyne at 60% of the then current market price of Polydyne's common stock. Such conversion would have the effect of reducing the Company's ownership of Polydyne.

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NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following:

	February 29, 1992	November 30, 1991
Notes payable to unrelated individuals, interest at 10 to 12% per annum, due on demand. Owed by Polydyne.	$ 25,000	$ 25,000
Installment notes payable to bank, interest at 10%, monthly payment of $324, due June 1992. Secured by vehicle. Owed by Polydyne	1,000	5,106
Installment note payable to mortgage company, interest at 10.25% per annum, monthly payment of $6,061 until 2013. Secured by office building.	607,618	609,378
Note payable to unrelated company, interest at 18%, due in monthly installments of $711 until June 1996, secured by property. Past due and in dispute (see Note 7).	25,546	26,500
Note payable to unrelated individual, due in full December 31, 1996.	10,000,000	10,000,000
Debenture note payable to GOI	-	-
Less Current Portion	(33,790)	(41,718)
Long-term debt	$ 10,625,374	$ 10,624,266

The note payable in the principle amount of $10,000,000 was issued in connection with the assignment of a short-term promissory note payable by the Krung Thai Bank, Bangkok, Thailand from the original holder. The interest payments are; $25,000 paid November 26, 1991, $600,000 on or before February 20, 1992 (amended to three equal payments of $200,000 in June, July, and August 1992), $17,500 each month for the remainder of calendar 1992 by the 5th day of each month beginning in April 1992 (amended to be due on May 5, 1992), $625,000 on or before January 15 for each of 1993, 1994, 1995, and 1996, and $17,500 in each month by the 5th day of each month beginning in March and ending in December for each of 1993, 1994, 1995, and 1996.

The Company is subject to a late payment charge of 10% of the interest payment, however the penalty will not exceed $30,000.00 for any one late payment. If the note

payable is not fully paid as to principal and interest at maturity, the entire unpaid balance thereafter shall bear interest at 18% per annum or at the maximum rate of interest permitted by law in the Republic of Ireland, whichever is greater. The Company may pay the note payable in full at any date prior to December 31, 1996, by tendering back to the holder all the consideration given at the execution of the agreement or by paying all the principal and interest due at the time that notice is received by the holder. In the event the Company elects to pay the note payable in full prior to the due date, the Company must pay to the holder a fee of $ 250,000.

In June 1991, Polydyne entered into a funding agreement with a German investment group ("GOI") wherein GOI agreed to raise funding on behalf of Polydyne of up to $570,000 to be used by Polydyne for fees, costs, and expenses related to the development and operation of various fast food restaurants under the trade name Pail-o-Pasta. Polydyne simultaneously entered into a "mirror image agreement' with Primo's Food Service, Inc., d/b/a Pail-o-Pasta ("Primo's") wherein the funding would "flow through" Polydyne to Primo's to be used by Primo's in accordance with the investment intent. As funding was received pursuant to this agreement by the trustee, Polydyne issued a debenture note payable to the German investor in the amount received, adjusted for commission, fees and expenses withheld by GOI. Simultaneously, Polydyne received a debenture note receivable from Primo's in a like amount and under identical terms; 12% interest only, payable quarterly, due three years from receipt, unsecured. As of February 29, 1992, Polydyne had issued debenture notes payable and had received debenture notes receivable of approximately $239,000. These amounts are "offset" for accounting purposes and, accordingly, not reflected in the accompanying balance sheet as their inclusion would have the effect of inflating the respective balance sheet accounts.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to litigation pertaining to its default on certain short-term indebtedness. Such claims or assessments have not been asserted against the Company as of this date. Specifically, the Company is in default on three installments of interest only on a note payable in the principal amount of $240,000, totalling about $24,000 and is in default on three installments on a note in the principle amount of $25,546. The holder of the latter note has commenced foreclosure proceedings on the security. It is the Company's intent to cure this default prior to foreclosure.

European has guaranteed a debenture note payable by Royal, a related party, to an unrelated company, in the amount of $2,250,000. European has been notified by the holder that Royal in is default of interest on the note. Royal is in disagreement with the assets it received in exchange for the debenture. European has been in contact with both the holder and Royal to settle this issue. While it is management's opinion that this issue will be resolved without litigation, European may become involved in litigation and may incur legal expenses to defend its position.

Tiberian has sold 4,000,000 shares of its preferred stock to an unrelated individual for certain promissory notes. The outstanding preferred stock of Tiberian contains certain default provisions that could effect the Company's control of this consolidated subsidiary.

Polydyne is committed and obligated, under certain debenture notes payable issued to a German investment group, to make payments pursuant to such debentures irrespective of whether the corresponding debenture notes receivable are paid pursuant to their terms. The amount of this commitment is approximately $239,000 as of February 29, 1992.

Other than that discussed below, neither the Company nor its subsidiaries is party to any material pending legal proceedings. The Company is not aware of any pending or threatened material litigation by any person or Governmental authority that, in the opinion of management, would have an adverse affect upon the business of the Company.

On March 5, 1992, Polydyne was sued in District Court, City and County of Denver, Colorado by Polydyne's former legal counsel. The suit claims failure to pay about $53,000. Polydyne intends to defend the suit vigorously and believes that it has adequate defenses.

On March 18, 1992, Polydyne was sued in Arizona Superior Court, Maricopa County by an individual claiming breach of an employment contract seeking treble damages of $56,000. Polydyne intends to defend the suit vigorously and believes that it has adequate defenses.

NOTE 8 - STOCKHOLDERS EQUITY

Reverse Stock Split Commitment

During fiscal 1991, the Company's Board of Directors has approved a one-for-ten "reverse stock split" of its outstanding restricted common stock. This reverse stock split will be effected subject to approval by the Company's shareholders at its next annual meeting of shareholders currently scheduled for June 1, 1992. The shares outstanding and per share data in the current period financial statements do not reflect this committed reverse stock split. However, the Company has been advised that there are the necessary votes in the affirmative to approve this reverse stock split thereby decreasing the number of issued and outstanding shares to approximately 9,246,318. Accordingly, the Company has provided an unaudited proforma presentation of equity transactions as if this reverse split and conversion of the outstanding Class A Preferred Stock had occurred (see below).

Restricted Class A Preferred Stock

The Company's Class A Preferred Stock, as referenced throughout the accompanying financial statements and Notes thereto, is convertible into shares of the Company's restricted common stock on a ten-for-one basis after giving effect to the to the reverse stock split (see above) prior to the conversion of any of the Class A Preferred Stock. The effect of the conversion of this preferred stock combined with the effect of the reverse stock split, will result in a significant change in the capital structure of the Company and substantial dilution to the current shareholders. Accordingly, the Company has provided an unaudited proforma presentation of equity transactions below.

Proforma Equity Presentation

The following is an unaudited proforma schedule of equity transactions as if the reverse stock split and the conversion of the outstanding Class A Preferred Stock had occurred and reflecting the treatment of common stock of the Company held by its consolidated subsidiaries as treasury stock:

	Common Shares	$.0001 Par Value Amount	Paid-In Capital Amount	Preferred Shares	Amount
Balance February 29, 1992 (as reported)	92,463,188	$ 9,246	$34,612,560	2,458,231	$ 245,823
Reverse Stock Split	(83,216,869)	(8,322)	8,322	-	-
Conversion of Preferred	24,582,310	2,458	24,579,852	(2,458,231)	(245,823)
Common stock held by subsidiaries	(3,800,000)	(380)	(2,329,620)	-	-
Balance February 29, 1992 (proforma basis)	30,028,629	$ 3,002	$56,871,114	-	$ -

NOTE 9 - GOING CONCERN

For the fiscal year ending November 30, 1991, the independent auditor's report included an explanatory paragraph calling attention to a going concern issue. The accompanying consolidated financial statements have been prepared contemplating continuation of the Company as a going concern. However, the Company has sustained

operating losses in recent years and has used substantial amounts of working capital in its operations. Further, at February 29, 1992, current liabilities exceed current assets by approximately $3,271,801 and a significant portion of the Company's assets relate to non-current items which may not readily be converted to cash to provide working capital. In addition, at February 29, 1992 certain notes payable, with outstanding principal balances and accrued interest totalling approximately $264,000 were in default. Management has proposed alternatives in an attempt to settle these obligations.

In view of these matters, realization of a major portion of the assets is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financing requirements, and the success of its future operations. Management believes that actions presently being taken to revise the Company's operating and financial requirements provide the opportunity for the Company to continue as a going concern. Such actions include the acquisitions of companies in the insurance and reinsurance businesses. Management expects these companies to provide positive cash flow. In addition, the Company has acquired notes receivable and other assets to enhance its balance sheet and improve future liquidity and has consolidated the operations of itself and its subsidiaries. The Company has made short-term financing arrangements with an officer and director through his solely held company to provide interim financing.

NOTE 10 - SUBSEQUENT EVENTS

Between March 1, 1992 and April 1992, the Company has raised additional short-term financing of approximately $25,000 in the form of borrowed funds from related and unrelated parties. The Company has issued promissory notes with varying interest rates and due dates.

On April 15, 1992, the Company entered into an agreement with Gemburst, Ltd., a related party company, solely controlled by Kevin P. Chapman, an officer of the Company, and with Mr. Chapman individually wherein the Company reacquired 357,173 shares of its Class A Preferred Stock and returned 2,767,125 shares of restricted common stock of Polydyne plus 750,000 shares of preferred stock of Polydyne. The agreement essentially "unwound" the transaction in the November 30, 1992 agreement between the two parties. Pursuant to the agreement, both the Class A Preferred Stock of the Company and common and preferred stock of Polydyne will be returned to the perspective company's treasury and retired. As a result, the ownership of Polydyne by the Company will not materially change.

On April 14, 1992, Polydyne agreed to directly assume a note payable to Bel Caro Bank of Denver, Colorado in the principle amount of $14,000. This note was originally payable by Barsley Financial Group, a company controlled by a current director of Polydyne and former president. In exchange for the assumption of this note, the director

agreed to release certain amounts owned by Polydyne to this director in the amount of approximately $96,000. This resulted in an approximate $73,000 gain on debt settlement which was recorded during the quarter ended February 29, 1992.

Item 2. Management's discussion and analysis of financial conditions and results of operations.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in these notes.

To fully explain the liquidity and capital resources of the Company as of February 29, 1992 and for the quarter then ended, it is important to understand the nature of the Company's business. The Company, since May 15, 1991, has been involved in a restructuring and reorganization plan and acquire companies and assets through the issuance of its Class A Preferred Stock and/or through the exchange of existing assets. The Company's new primary focus will be in the insurance businesses.

Liquidity and Capital Resources - February 29, 1992 compared to November 30, 1991

During the quarter, the Company continued to address its severe liquidity crisis which had been caused from continuing losses in the prior year from operations, by commencing active operations in the insurance and reinsurance businesses and development of new businesses, as discussed above. The Company's liquidity is reflected in the table below, which shows comparative working capital and the comparative ratio of current assets to current liabilities. Working capital is an important measure to the Company's ability to meet it short-term obligations.

	February 29, 1992	November 30, 1991
Working capital (deficit)	$(3,271,801)	$(2,372,143)
Current ratio (*)	.62	.69

(*) Excluding the premium in trust and unearned premiums on the accompanying consolidated balance sheet as a current asset and a current liability, respectively, the current ratio is .32. This ratio more appropriately reflects the Company's current measure of liquidity and the ability to meet its current obligations.

The Company's financial condition at February 29, 1992 reflects an immediate inability to meet its short-term obligations. This condition continues at April 14, 1992 as the Company's active insurance operations have only recently commenced late in the fiscal quarter. Until cash flow from the insurance operations are generated, the Company is relying on short-term borrowing to finance it operations currently.

As of February 29, 1992, Corporate Marketing Services, a related party owned by an officer and director of the Company, has loaned substantial funds to Polydyne (approximately $200,000) and to the Company (approximately $205,000) and has committed to bridge the Company with additional funding. Currently, this has been insufficient to allow the Company to pay debt and payables as they fall due in a timely manner. In addition, as of April 14, 1992, the Company has raised additional short-term financing of approximately $185,000 in the form of borrowed funds from related and unrelated parties.

Immediately, the Company believes that its balance of cash and cash equivalents together with funds generated from operations will not be sufficient to meet its operating cash requirements. Accordingly, the Company expects that it will continue to incur short-term borrowing from time to time to finance its working capital needs. In addition, substantial portion of the Company's cash, cash equivalents, and short-term investments are held by foreign subsidiaries, generally in U.S. denominated holdings. However, the Company believes that such cash generated from the subsidiaries' insurance operations during the second half of fiscal 1992 will be sufficient to meet its operating needs. In particular, the Company must make interest payments on its short-term borrowing of about $200,000 each month for June, July and August 1991 and has two interest installments totalling $35,000 due on May 5, 1992. The Company anticipates that such payments will be generated from the cash flow of the Company's insurance subsidiaries. If not, the Company will have to turn to short-term loans which may be at more unfavorable terms, if at all.

It is not possible to project net cash to be generated by operations during the coming fiscal year. In general, the insurance business creates revenue (premiums) which are generally reduced by ceding commissions of about 30% which results in net premiums of 70% to cover acquisition costs, operating costs, overhead and actual claims expenditures. The Company's goal is to target claims reserves and paid losses of 50% to 60% resulting in net profits of 8% to 15% of premiums written. Management believes that the expected gross premiums to be written in the second half of fiscal 1992, net of claims and costs, will be sufficient to cover the Company's costs.

Nonetheless, during fiscal 1992 the Company is planning a private placement upon the completion of its shareholders meeting. The proposed private placement is anticipated to raise $15 million in funding in Europe. This private placement will enhance the reserve liquidity for the insurance companies and bring a stronger negotiating position for the managing directors in the treaty closing of a higher percentage of premiums. There are no assurances such offering will be successful.

Capital Expenditures and Commitments

During the quarter ended February 29, 1992, the Company has not incurred any material capital expenditures. The Company has no current commitments for material

capital expenditures, such as additional capital equipment. However, the Company is committed to general business expansion, which may require it to expand its internal computer facilities. This is not expected to be more than $25,000 to $50,000 initially.

The Company believes its need for additional capital will continue because of the need to develop and market its insurance business. The amount of such additional capital required is uncertain and may be beyond that generated from operations. If in this case, additional capital may come from the sale of equity or debt securities. There can be no assurance that the Company will be able to obtain any such capital on satisfactory terms.

Management continues to assess the contribution to earnings of each capital asset versus its value upon sale and may dispose of those items which are deemed to be unproductive or whose sale is necessary to further generate cash needed for operations.

Results of Operations - The quarter ended February 29, 1992 compared to the quarter ended February 29, 1992.

The results of operations for the quarter ending February 29, 1992 and 1991 cannot be meaningfully compared, as the Company has exited its historical video and audio production business, which attributed to the results for the first quarter of the 1991 periods. The 1991 results are attributed to limited insurance operations written by Avalon offset by general operating expenses of the Company and all of its insurance subsidiaries.

In addition to interest income and expense, the Company realized a gain on the exchange of certain assets during 1992 of about $73,000 from the settlement of certain outstanding debts of its subsidiaries (see Note 10).

The primary focus of operations and sales in the next quarter and the remainder of the fiscal year 1992 will be first party insurance business and, to a lesser extent, the reinsurance business. The ability to generate positive cash flow from operations is dependant upon successfully negotiating treaties and accurately calculating the underlying insurance risk to keep loss claims to a minimum. While the Company's insurance subsidiaries have not experienced any material loss claims, there are inherent risks associated with the insurance business, although management believes that a lower risk exists in specialty insurance fields i. which the Company will engage. Accordingly, no assurance as to the immediate generation of cash flow or future profitability can be given though management's projected return is eight to fifteen percent.

Since the Company has operated at a cumulative net loss from its inception to date, no provision has been made for income taxes. In late 1987, the Internal Revenue Code (the "Code") was amended, retroactive to April 1986, impacting the utilization of

net operating loss carry forwards ("NOL") for companies which experience a "change in control", as defined in the Code. The Company has not made a determination of its NOL utilization, however, it is likely that its NOL may be limited and may expire before it can be fully utilized.

Factors that may effect future results

A number of uncertainties exist that may effect the Company's future operating results including the possibility of uncertain general economic conditions, market acceptance of the Company's new insurance products, the Company's ability to manage expense growth and the ability to project future risk losses on its lines of insurance and numerous other competitive factors. Because of the Company's change in business focus, past performance should not be a reliable indicator of future performance.

The Company's insurance subsidiaries are subject to regulation and supervision in every jurisdiction in which they do business. The nature and extent of such regulation varies, but generally delegates administrative powers to state insurance commissioners. Such regulation and supervision relate, among other things, to the standards of solvency which must be met and maintained and to the annual reports required to be filed on the financial condition of insurers. Since the Company's insurance subsidiaries have only recently commenced business, their financial condition and solvency may be challenged in certain states where they wish to do business. The Company cannot project the impact that this may have on the subsidiaries' ability to write insurance.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Registrant and its insurance subsidiaries may be named as defendants in litigation in the ordinary course of conducting an insurance business. These lawsuits generally seek to establish liability under insurance or reinsurance contracts issued by the subsidiaries, and occasionally seek punitive or exemplary damages. In a number of cases, plaintiffs seek to establish coverage for their coverage for their liability under environmental protection laws.

The Registrant is not aware of any pending or threatened material litigation to which the Registrant or any of its subsidiaries or their property are subject and which, in the opinion of management, would have a material adverse effect upon the business of the Registrant.

The Securities and Exchange Commission (the "SEC") is conducting an informal inquiry into the valuation of assets received in certain non-monetary transactions of the

Registrant. While the Registrant has voluntarily complied with the SEC's requests for information, there can be no assurance that the Registrant will not become subject to a formal SEC investigation or to litigation arising out of such inquiry.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports of Form 8-K

(a) Exhibit Index

None.

(b) Reports on Form 8-K

	Filing date
Change in Company's Certifying Accountants - Appointment of Denton, Netherton + Co., P.C.	January 3, 1992
Agreement of Exchange - Tiberian Insurance Company, Ltd.	March 16, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

DATED: Scottsdale, Arizona
April 20, 1992

PANTHEON INDUSTRIES, INC.
Registrant

By: _____
Arthur W. Taylor
Chief Executive Officer

By: _____
Lanny R. Lang
Chief Financial Officer, Treasurer and
Secretary (Principle Accounting Officer)